

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 XMB-02 SP-02 TRSE-00 OMB-01 FRB-03

CIAE-00 INR-07 NSAE-00 AID-05 /038 W

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R 131445Z AUG 75

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 2264

LIMITED OFFICIAL USE BUENOS AIRES 5452

PASS ARA/COMMERCIAL COORDINATOR DAVID LACEY

E. O. 11652: N/A

TAGS: BEXP, BPRO, EFIN, AR

SUBJECT: EXIMBANK POLICY TOWARDS ARGENTINA

REF: LACEY-JONES TELCON, AUGUST 11, 1975

1. PER TELCON, HEREIN ARE CONFIRMED QUESTIONS WOULD APPRECIATE LACEY RAISING WITH EXIMBANK RE THEIR LENDING AND GUARANTEE POLICY TOWARDS ARGENTINA.

2. EMBASSY UNDERSTANDS THAT EXIMBANK QUOTE NOT MAKING NEW COMMITMENTS OF FINANCING TO ARGENTINA UNQUOTE. HOW DOES EXIMBANK PLAN TO DEAL WITH CASES OF PCS ALREADY ISSUED? WILL EXIMBANK CONTINUE TO NEGOTIATE LOAN CONTRACTS NOW UNDER DISCUSSION WITH ARGENTINE FIRMS (I.E., CONTRACTS WITH AGUA Y ENERGIA ELECTRICA FOR PUMP TURBINES FOR RIO GRANDE, AND THE CONTRACT WITH WITH SEGBA FOR COMPUTERIZED DISPATCH CENTER EQUIPMENT)? WILL EXIMBANK ISSUE NEW PCS? WILL THE BANK APPROVE EXTENSIONS OF EXISTING PCS?

3. FOR SEVERAL MONTHS PRIOR TO DECISION NOT TO MAKE NEW COMMITMENTS, EXIMBANK HAD BEEN LIMITING ITS GUARANTEE COVERAGE UNDER A LOAN CONTRACT TO 20 TO 30 PERCENT OF THE COMMERCIAL BANK PORTION OF A GIVEN LOAN. WAS THIS LIMITED OFFICIAL USE

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POLICY A UNIVERSAL ONE OR WAS IT APPLICABLE SPECIFICALLY

TO ARGENTINA?

4. EMBASSY UNDERSTANDS THAT BERNE UNION MEETING IN JUNE CAME TO DECISION NOT TO AGREE TO FINANCING TERMS SET FORTH IN ARGENTINE CENTRAL BANK CIRCULAR 524. COULD EMBASSY HAVE DETAILS OF THIS DECISION? WHAT ARE SPECIFIC TERMS REQUIRED BY CIRCULAR TO WHICH EXIMBANK FEELS THEY CANNOT BE RESPONSIVE, ASSUMING RESUMPTION OF LENDING OPERATIONS IN ARGENTINA?

5. WILL EXIMBANK CONTINUE TO GIVE GUARANTEES FOR ARGENTINA UNDER ITS GUARANTEE PROGRAM UNDER PRESENT CIRCUMSTANCES? IF SO, WHAT PERCENTAGE OF THE TOTAL VALUE OF IMPORTED COMPONENTS WILL THEY GUARANTEE?

6. IS FCIA STILL WILLING TO INSURE EXPORTS TO ARGENTINA UNDER PRESENT CIRCUMSTANCES? WHAT PERCENTAGE OF THE VALUE OF EXPORTS WILL FCIA INSURE?

7. PLEASE IGNORE QUESTION RE SECURITY CLAUSE IN EXIMBANK PC FOR SALTO GRANDE TRANSFORMER BID CONTEST. BECAUSE OF PRESSURE FROM LOCAL REPS OF GENERAL ELECTRIC AND WESTINGHOUSE FOLLOWING OUR TELCON, JONES CALLED BANK AND SPOKE TO TOM DOUGHTY DIRECTLY ON THIS MATTER, WHILE ADVISING HIM THAT HE HAD ASKED THE DEPARTMENT TO RAISE A NUMBER OF OTHER QUESTIONS WITH HIM, AND THAT LACEY WOULD SOON BE IN TOUCH WITH HIM TO DO SO.

HILL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, DEVELOPMENT BANKS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BUENOS05452
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750279-1138
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750854/aaaabvct.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 01 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 JUL 2003 by KelleyW0>; APPROVED <17 DEC 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXIMBANK POLICY TOWARDS ARGENTINA
TAGS: BEXP, BPRO, EFIN, AR, US, XMB
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006